

VZCZCXRO8875
PP RUEHLMC
DE RUEHLP #0070/01 0112102
ZNY CCCCC ZZH
P 112102Z JAN 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 7686
INFO RUEHAC/AMEMBASSY ASUNCION 5500
RUEHBO/AMEMBASSY BOGOTA 2764
RUEHBR/AMEMBASSY BRASILIA 6630
RUEHBU/AMEMBASSY BUENOS AIRES 3847
RUEHCV/AMEMBASSY CARACAS 1212
RUEHPE/AMEMBASSY LIMA 1104
RUEHMN/AMEMBASSY MONTEVIDEO 3472
RUEHQT/AMEMBASSY QUITO 3850
RUEHSG/AMEMBASSY SANTIAGO 8369
RUEHLMC/MILLENNIUM CHALLENGE CORP
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL
RUEHC/DEPT OF LABOR WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 000070

SIPDIS

SIPDIS

STATE FOR WHA A/S SHANNON AND PDAS SHAPIRO
STATE ALSO FOR WHA/AND
NSC FOR DFISK
USCINCSO FOR POLAD

E.O. 12958: DECL: 01/11/2016
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EPET](#) [EINV](#) [ENRG](#) [SOCI](#) [ELAB](#) [BL](#)
SUBJECT: SANTA CRUZ: ANXIETY ABOUT UNCERTAIN FUTURE

REF: A. LA PAZ 05 3771
[1](#)B. LA PAZ 06

Classified By: Ambassador David N. Greenlee for reasons 1.4d and b.

[1](#)1. (SBU) Summary: Many Santa Cruz civic representatives, stunned by the MAS's decisive electoral victory, are anxious about Bolivia's uncertain future. Some believe the MAS government will immediately begin dismantling the market-based economic model while postponing (for tactical reasons) its assault on democratic structures until the Constituent Assembly - the real prize. In that connection, Santa Cruz private sector leaders pleaded for U.S. support to defend democracy and to build the institutional strengths of the regional government ("prefectura"). Within the diversity of Santa Cruz sentiment, which included significant pro-MAS feelings, we heard little about the near-term prospect for conflict between national and regional powers. End Summary.

[1](#)2. (SBU) In a January 4-6 visit to Santa Cruz, poloffs found civic and private sector representatives there stunned by the decisive margin of the MAS's electoral victory, and still trying to make sense of it. The MAS's majority share of the national vote was one thing, many acknowledged, but its unexpectedly strong showing in the department of Santa Cruz itself -- almost 34% -- was quite another. (MAS sympathizers in Santa Cruz told us that the party's support there was unsurprising, and reflected the same frustration with an unresponsive and corrupt political elite that had fuelled the nationwide blowout.) A number of our Santa Cruz interlocutors also expressed anger with the campaign of Podemos candidate Jorge "Tuto" Quiroga, who they claimed had taken the lowlands department for granted and, in successfully "polarizing" the electoral field, had nonetheless failed to articulate a compelling alternative vision for Bolivia.

[1](#)3. (SBU) Many Santa Cruz leaders expressed anxiety about the uncertain future, for Bolivia and for their own region, under

a government led by Evo Morales. While they acknowledged that the government should be given the benefit of the doubt and that any proactive confrontation would be counterproductive, they also suggested it was a question of when, not if, the tidal wave -- of negative policy decisions and attacks against regional interests -- would hit. Civic leaders told us an early test of the government's intentions would be whether President Morales honored his pledge to allow the contract licitation for the massive Mutun iron deposit to move forward under already established protocols (ref A).

14. (SBU) Private sector representatives were also worried about the government's plan to dismantle market-based economic structures, in particular the (now infamous) Executive Decree 21060 of 1985 that helped tame Bolivia's then-rampant hyperinflation and set the country on the course of privatization. Several business leaders told us that undoing key articles of that decree, namely those enabling businesses to hire and fire employees freely and allowing prices for key goods to be set by the market, could prove calamitous for the country's economic health.

15. (C) While skeptical about the MAS's democratic intentions, many of our Santa Cruz interlocutors speculated that the government would seek to avoid antagonizing its alleged adversaries, including in Santa Cruz, during its initial months in office. This tactical approach, they suggested, would merely disguise the government's real aims and seek to lull the opposition into complacency until the establishment of the Constituent Assembly, which was the real prize because it would define the future Bolivian state "for

LA PAZ 00000070 002 OF 002

a generation or more." Many warned that the government would spare no effort to control the process and shape the outcome of the Assembly, and in doing so reveal its undemocratic identity, "just like Venezuelan President Hugo Chavez." Asked about VP-elect Alvaro Garcia Linera's request to the Ambassador that the U.S. "be patient and give the government six months before making judgments" (ref B), many suggested this was part of the larger ploy.

16. (C) Given its importance, Santa Cruz leaders told us they would now focus on the battle over the Constituent Assembly, including the election of representatives and the definition of its objectives. Private sector and civic representatives pleaded for U.S. support in this connection. Several noted the need to establish a "think tank" devoted to defending the principles of democratic liberalism, which would eventually re-emerge to challenge the MAS's bankrupt vision. Others called for more direct assistance to strengthen the newly elected regional government ("prefectura"), which they claimed would serve as a bulwark against the future government's anti-democratic assaults. Sounding a familiar theme, several appealed to our shared democratic and free-market values in calling for the U.S.'s help in facing the coming challenge to those values in Bolivia.

Comment:

17. (SBU) While the predominant note in Santa Cruz was one of concern about an uncertain future, not everyone was pessimistic. MAS partisans -- and there seem to be more of them now than before -- told us that transforming the corrupt power structure was long overdue, and claimed that those interested in democracy should celebrate its clear advance rather worry about its supposed retreat. Within the diversity of Santa Cruz sentiment, we heard surprisingly little about any near-term prospect for conflict between national and regional powers. Several contacts whispered that, if push came to shove, Santa Cruz could be pressed to call for something more than mere autonomy, but nobody predicted that that kind of confrontation was on the immediate horizon.

GREENLEE